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Letter dated 9 April 2008 from the Chairman of the Security Council Committee established pursuant to resolution 1572 (2004) concerning Côte d'Ivoire addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 1572 (2004) concerning Côte d'Ivoire, and in accordance with paragraph 10 of Security Council resolution 1782 (2007), I have the honour to transmit herewith the midterm report of the Group of Experts on Côte d'Ivoire (see annex).

I would appreciate it if the present letter and its annex were brought to the attention of the members of the Council and issued as a document of the Council.

(*Signed*) Johan C. Verbeke
Chairman
Security Council Committee established pursuant to resolution 1572 (2004) concerning Côte d'Ivoire

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Annex

Letter dated 20 March 2008 from the Group of Experts on Côte d'Ivoire to the Chairman of the Security Council Committee established pursuant to resolution 1572 (2004)

The members of the Group of Experts on Côte d'Ivoire have the honour to transmit herewith the midterm report of the Group prepared pursuant to paragraph 10 of Security Council resolution 1782 (2007).

(*Signed*) Grégoire **Bafouatika**

(*Signed*) Agim **de Bruycker**

(*Signed*) Claudio **Gramizzi**

(*Signed*) Vernon Paul **Kulyk**

(*Signed*) Lipika **Majumdar Roy Choudhury**

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Abbreviations

ASECNA	Agence pour la sécurité de la navigation aérienne en Afrique et à Madagascar (Agency for Air Navigation Safety in Africa and Madagascar)
FAFN	Forces armées des Forces nouvelles
FANCI	Forces armées nationales de Côte d'Ivoire
FCFA	CFA
FDS-CI	Defence and security forces of Côte d'Ivoire
FDS-FN	Defence and security forces of Forces nouvelles
FN	Forces nouvelles
GPS	Global Positioning System
SODEXAM	Société d'exploitation et de développement aéroportuaire, aéronautique et météorologique
UNMIL	United Nations Mission in Liberia
UNOCI	United Nations Operation in Côte d'Ivoire

I. Introduction

1. The Group of Experts was appointed by the Secretary-General on 29 November 2007 (see S/2007/688) and commenced its mission on 20 January 2008. The Group formulated its work programme so as to have preliminary meetings with Member States in the region and the Government authorities in Côte d'Ivoire, and to initiate the process of consolidation of information for further investigations. For this purpose, the Group visited Belgium, Burkina Faso, France, Ghana, Guinea, Liberia and Mali. It maintained a continuous presence in Côte d'Ivoire and undertook a familiarization tour in the areas of Côte d'Ivoire bordering Ghana, Guinea, Liberia and Mali. The Group intends to continue visiting different regions in Côte d'Ivoire. These visits are invaluable in helping the Group to have a first-hand assessment of the situation in the country through interaction with various sectors of the local population and the field staff of the United Nations Operation in Côte d'Ivoire (UNOCI).

II. Investigation methodology

2. In its investigations, the Group of Experts relied on incontrovertible documentary evidence. Where this was not possible, the Group required at least two independent credible sources to substantiate a finding.

3. The Group conducted investigations in a number of areas to determine whether violations of Security Council sanctions had actually taken place. The allegations made against States, individuals and companies were, to the extent possible, brought to the attention of those concerned to give them an opportunity to respond.

4. The present document is the midterm report of the Group, provided in accordance with paragraph 10 of Security Council resolution 1782 (2007). In order not to compromise a number of ongoing investigations, the Group has elected not to disclose specific details of those enquiries in this report.

III. Cooperation with stakeholders

5. In accordance with Security Council resolution 1782 (2007), the Group exchanged, with UNOCI and Licorne, information on the measures taken to monitor the sanctions regime. In addition, it cooperated with the Panel of Experts on Liberia reappointed pursuant to resolution 1792 (2007), particularly on matters concerning cross-border arms trafficking, the presence of foreign combatants on Ivorian soil and diamonds. The Experts of both Groups met in Monrovia for discussions at the beginning of March 2008.

6. In general, meetings between the Group and various Ivorian authorities were conducted in a cordial atmosphere. Nevertheless, the Group observed that the required information was not always readily forthcoming.

7. During the visits to Member States, the Group received full cooperation from Government authorities. None of the neighbouring Member States, however, clearly articulated to the Group the details of the measures taken by them to implement the sanctions as required in paragraph 14 (b) of Security Council resolution 1572 (2004).

8. The Group regrets that the visits scheduled for Guinea-Bissau and the United Arab Emirates, while announced several weeks in advance, did not materialize owing to either a delayed response or a request for postponement on grounds not pertinent to the mandate of the Group.

9. Overall, the investigations of the Group are sometimes hampered owing to lack of responses from Member States and relevant private individuals and entities to whom requests for information were addressed. It is also observed that there is sometimes a reluctance on the part of certain private companies, banking institutions and State institutions investigating financial crimes to share information with the Group, despite the Group's assurances of confidentiality.

IV. Monitoring of the embargo

A. Embargo inspections

10. The Group notes with appreciation the appointments by UNOCI of the head of the embargo cell and the customs consultant. The Group, however, is concerned by the fact that these positions were vacant for a considerable length of time, which detracts from the need for continuous monitoring of the sanctions regime.

11. During the first part of its mandate, the Group observed a decrease in the number of denials for access by the Forces armées nationales de Côte d'Ivoire (FANCI) and the Forces armées des Forces nouvelles (FAFN) during the embargo inspections and an increase in the number of inspections over the course of each month, even if access to some strategic sites such as port areas remained limited. The Group also expresses its deep concern regarding the fact that no site held by the Republican Guard has ever been inspected by UNOCI since the establishment of the inspection mechanism; the Ivorian authorities systematically deny access to these sites, claiming that UNOCI has no mandate to perform such inspections. In this regard, the Group understands that instructions have been given to cease the scheduling of such inspections owing to the fact that formal protests by UNOCI to the Ivorian authorities and its reports communicated to United Nations Headquarters have not been responded to. The last unsuccessful inspection occurred at Mama on 23 January 2008.

12. Despite the positive trend that emerges from the recent statistics on the embargo inspections, the Experts still consider that the modus operandi adopted by UNOCI does not provide real guarantees of effectiveness. Each Friday, the list of the inspections scheduled for the coming week is communicated to the Ivorian military authorities (FANCI and FAFN), the notice given by UNOCI varying between 72 hours and six days. The Group believes that the inability to perform spontaneous inspections has seriously diminished, and continues to diminish, the effectiveness of monitoring of the embargo on arms and related materials and erodes the credibility of the embargo in general.

B. Customs

13. The Group interacted on a regular basis with the Ivorian Customs authorities with a view to ascertaining the level of checks exercised on imports, exports,

trans-shipments and the measures put in place for detecting violations of the sanctions regime. This included, inter alia, reviewing manifests, visiting the X-ray container scanner at Abidjan Port, gathering information on clearance procedures and understanding the general operational capacity.

14. The Group ascertained from the Ivorian Customs authorities that no specific national legislation had been adopted, nor any specific administrative measures/notifications prescribed, with a view to ensuring compliance with the sanctions regime.

15. Merchandise is considered as "high risk" only if it features in the list of prohibited goods in the Ivorian Customs tariff. In this system of checks, the Ivorian Customs authorities are not focusing on the interdiction of goods that are among the items subject to the embargo and consequently should be considered prohibited for import.

16. The Group considers that the major weakness of the embargo stems from the failure of the Ivorian authorities to sensitize Customs staff to be vigilant and not to allow the export and import of goods prohibited by the embargo. In this connection, UNOCI has not informed Ivorian Customs of the items subject to the embargo, which, in the opinion of the Group, is a prerequisite for instituting checks on the nature of embargoed materials.

C. Transit cargo

17. Transit cargo is broadly defined by the Group to be any cargo not intended for domestic consumption (in Côte d'Ivoire) but passing through the territory of Côte d'Ivoire to neighbouring and/or landlocked countries in the region. According to the statistics provided by the Abidjan Port Administration, there were approximately 5 million tons of transit goods of general merchandise and 1.1 million tons of petroleum-related goods (total 6.1 million tons) between 2000 and 2006. The Group notes that in 2003 the total tonnage of transit cargo decreased by approximately 85 per cent compared with 2002. In 2004, the tonnage of transit cargo increased by approximately 255 per cent from 2003. This upward trend continued until 2006, when the transit tonnage had recovered to approximately 70 per cent of the tonnage in 2002. Transit goods to Mali and Burkina Faso represent approximately 3.6 million and 2.5 million tons, respectively, over the period covered (2000-2006 inclusive). The Group considers 6.1 million tons of transit goods through Côte d'Ivoire to be significant, and continues to seek information from 2007 to date.

18. The Group took note of the fact that to date no Government Customs authorities have deployed to the borders of Côte d'Ivoire within the territories under the administrative control of Forces nouvelles (FN). Taking that into consideration, the Group asked for specific information from the Customs authorities of Côte d'Ivoire and neighbouring countries on the procedures undertaken to ensure that sufficient controls were exercised on "in transit" cargo.

19. Cargo declared to the Ivorian Customs authorities as "in transit" to another country and passing through Côte d'Ivoire are manifested and declared in Customs documentation for transit but not physically inspected by the Customs authorities upon arrival in Côte d'Ivoire. In some cases, "transit bonds" are required to be posted by the transporters in order to mitigate the risks associated with the diversion

of goods to domestic use. These bonds are however released on the strength of an acquittal (i.e. that a Customs control mechanism has been followed through to conclusion) of the transit documents by authorities of the receiving countries, and not based on first-hand confirmation of export by the Ivorian Customs. There is no monitoring/inspection by the Ivorian Customs authority at the border areas to determine whether any seals remain intact at the point of export. Consequently, any loss, pilferage, theft or otherwise cannot be detected, reported or investigated with any success.

20. The concerns of the Group relating to "transit cargo" stem from the fact that while the Ivorian Customs authorities assert that there is an acquittal of the transit documents to demonstrate that the cargo exited Côte d'Ivoire into the declared country of destination by the Customs authorities of the receiving country, the fact remains that no Ivorian Customs authorities are stationed at the borders with neighbouring countries in the territories administered by Forces nouvelles to view the transit cargo, to determine if the cargo is intact and to effect this acquittal.

21. The Group of Experts is concerned that transit cargo may be diverted for domestic use in Côte d'Ivoire, posing a special risk in the territories under the control of Force nouvelles. The Ivorian Customs authorities admitted that they were aware of shipments for which they were unable to confirm export from Côte d'Ivoire. The Customs authorities advised the Group that any detection of non-acquitted transit manifests were referred to their Investigations Unit for follow-up and investigation. Based on the lack of progress in deploying Government Customs authorities to the borders, it is unlikely that these investigations will bear any successful results. The Group reiterates that, as these transit goods are not inspected upon arrival in Côte d'Ivoire, there is no way to determine compliance with the sanctions regime.

22. The Group of Experts also determined from discussions with the Customs authorities of neighbouring countries that, on their part, there was no proactive or systematic exchange of export information with Ivorian Customs. Occasional queries were, however, made by Ivorian Customs on specific cargo with neighbouring customs administrations.

23. The above-mentioned risks may be mitigated through the application of "smart" GPS-enabled seals on transit cargo by Ivorian Customs, which may provide for quick determination of cargo diversions. Additionally, based on the current throughput at the scanner site (port of Abidjan), which is operating at less than half capacity, it would not be difficult to accommodate X-ray scanning of transit goods. This may give a snapshot of the contents of the transit containers and assist both Ivorian Customs and the UNOCI embargo cell in performing a non-intrusive form of inspection, which would not impede the flow of legitimate trade.

V. Verification of the air fleet capacity

24. The Group pursued its enquiries on the use of aircraft belonging to the Ivorian Air Force, as well as the possible presence of foreign technicians who could provide technical assistance. Furthermore, the Group, relying on data furnished by Agence pour la sécurité de la navigation aérienne en Afrique et à Madagascar (ASECNA) and the Civil Aviation Authorities of neighbouring countries, verified movement of aircraft both on international and domestic routes.

25. The Group has maintained a regular liaison with the authorities of ASECNA and the cargo handling agency (Régie administrative d'assistance d'escale), which is a branch of the State organization (Société d'exploitation et de développement aéroportuaire, aéronautique et météorologique (SODEXAM)). As a result of this liaison, the Group was able to identify the case discussed in paragraphs 39 and 40 below. The Group was informed that Government aircraft (both civil and military) do not file their manifests with the "Régie", nor do they use the assistance of the "Régie" for discharging any cargo. The "Régie" therefore is not aware of the nature of any cargo transported by Government aircraft. Given the fact that two Government aircraft conduct regularly scheduled flights abroad, it would be desirable that the unloading of cargo, particularly on return from flights abroad, be carried out after filing a manifest and in the presence of members of the UNOCI embargo cell stationed at Abidjan airport.

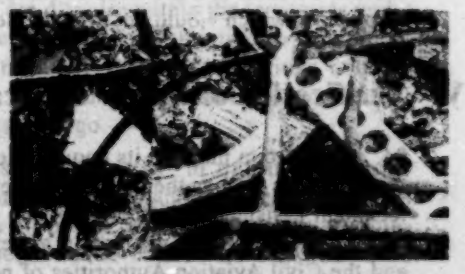
26. In connection with paragraph 78 of its report dated 5 October 2006 (S/2006/735), the Group proceeded to verify the status of the aircraft registered for civilian use by the Ivorian Air Force in order to determine their airworthiness and confirm that they are not employed for military use.

27. The Mi-24 helicopter (registration No. TU-VHO) has not flown since 26 October 2006. On inspection by the Group, it does not appear to have undergone any maintenance and it is the opinion of the Group that major repairs would have to be undertaken to make it airworthy.

28. The military aircraft designated for civilian use are an Antonov 12 (registration No. TU-VMA) and two IAR-330 helicopters (registration Nos. TU-VHI and TU-VHM). There have been no flights of the Antonov 12 for civilian purposes owing to a defect on the number 1 left engine. The crew, composed of non-Ivorian nationals, remains in Abidjan and occasionally comes to the airbase to keep the operational engines running.

29. One of the two IAR-330 helicopters was involved in a crash (IAR-330, registration No. TU-VHI) during a survey flight in the western region of Côte d'Ivoire on 17 February 2008. As shown by the following photographs, the helicopter was completely destroyed and Kalashnikov magazines were visible in the debris. The Group continues to investigate reports regarding the presence of military personnel and military equipment on board the helicopter.

Photos 1 and 2
Photographs taken after the crash of the IAR-330 helicopter (registration No. TU-VHI)



Source: UNOCI, 17 February 2008.

30. The issue of technical assistance provided by foreigners receives the continuing attention of the Group. This point was raised by the Group in its 18 October 2007 report (S/2007/611), and, in view of statements that the foreign technicians had departed Côte d'Ivoire, the Group requested confirmation of same in a written communication to the Ministry of Defence. Since there was no response, the matter was taken up again with the designated Ministry of Defence focal point, who regretted his inability to reply to the queries raised in the aforesaid communication. Among the reasons cited were that the current Ministry staff were not part of the complement during the relevant period and further that the records were not available.

31. The Group resubmitted a copy of the earlier communication and obtained an assurance from the Ministry of Defence focal point that a reply would be forthcoming. Given the admitted position of the Government, which acknowledged the presence of these technicians (see S/2006/964), and the fact that there was a contractual relationship between the Government and the company known as R.M. Holdings, it is highly improbable that the Ministry of Defence has no records of the details of the contract. The continued denial of any knowledge makes it difficult for the Group to proceed further.

32. The Group deemed it necessary to sensitize personnel of the UNOCI Air Operations Section (AirOps) and the Togolese battalion of UNOCI posted at the Abidjan Air Force Base to exercise vigilance on the activities there and to bring to its notice any activity that might have a bearing on this issue.

VI. Military assistance

33. The Group gathered credible information indicating that since the establishment of the sanctions regime by the Security Council in November 2004, members of the Defence and Security Forces of Côte d'Ivoire (FDS-CI) and the Defence and Security Forces of Forces nouvelles (FDS-FN) have been receiving training related to military activities delivered in other Member States, in violation of paragraph 7 of Security Council resolution 1572 (2004).

34. Pursuant to a request by the Group, the Moroccan Ministry of Defence confirmed such information. In particular, Moroccan authorities shared with the Group a list of 121 names, all members of FANCI, who, since 2002, have received military training in various centres of the Royal Moroccan Army. These training courses are ongoing, ranging in duration from five months to four years. Thirty-nine Ivorian military personnel are currently enrolled in these courses, 14 of whom will complete their training in 2010. Their curriculum includes officer training for staff positions in the Army headquarters, training for cadet officers and mechanics and training in ground-to-ground artillery, ground-to-air artillery, armoured weaponry, armoured vehicles mechanics, general weaponry, small calibre weaponry, ammunition and radio equipment operation.

35. The Group also has information that other members of the Ivorian security forces (both FDS-CI and FDS-FN) also undergo similar training in other countries, and it has submitted requests for detailed information to a number of Member States. The Experts count on the full cooperation of those States.

VII. Arms

36. The Group considers that the recent evolution of the general situation in Côte d'Ivoire, the lack of strategic needs for new military equipment and the investigations of the Group into this area can explain the absence of information on recent imports of military equipment. However, the possibility of such violations cannot be entirely ruled out.

A. Violations of the arms and related material embargo

37. At the present stage of its mandate, the Group is not in a position to reach any conclusions regarding cases of possible embargo violations directly involving the Ivorian security forces (FDS-CI and FDS-FN), although investigations are continuing. The Experts will use the second part of their mandate to conduct further investigations into these cases.

38. At the same time, the Group investigated all cases known to it of imports of security equipment and other relevant items. Only imports representing violations of the sanctions are cited in this report.

39. During the investigations undertaken on deliveries to Côte d'Ivoire by air, the Group identified import documents referring to the delivery from a supplier in the United States, on 21 February 2008, of items classified as "10.43 kg of dynamite/explosive". After further verification of the airway bill and the associated customs documents, the Group determined that the consignee of these goods was a company involved in the oil exploration/production industry, Schlumberger OEL, using such equipment within the framework of its service delivered.

40. During its exchanges with the managers of this company, the Group explained the modalities with respect to the sanctions and advised the representatives that in the absence of an exemption, the present import and any other previous imports constituted violations of the sanctions regime. The Group requested all relevant technical details, including quantities, which the representatives of Schlumberger OEL did not provide. The Group was also informed that the same company imported these goods previously. In this specific case, the interlocutors refused to accept that the importation was a violation of the sanctions regime and pointed out that they had the requisite permission from the Ivorian Ministry of Mines, and that there were no export restrictions imposed by the United States authorities. The Group continues to investigate other service providers who might have imported similar materials.

41. The Group deems that such imports constitute a violation of paragraph 7 of resolution 1572 (2004), by which the Security Council prohibited the direct or indirect supply, sale or transfer of arms or any related materiel to Côte d'Ivoire.

B. Case study: origin of the hand grenade recovered in Bondoukou, Côte d'Ivoire, on 1 January 2008

42. The Group took note of an incident that occurred in Bondoukou, Côte d'Ivoire, on 1 January 2008, in which several children were killed and others injured when an abandoned hand grenade they were playing with exploded. Another intact hand grenade was found at the site. The grenade was subsequently seized by local

authorities. After this accident, several Ivorian authorities and political actors publicly stated that the grenades did not belong to the Ivorian Security Forces (neither FDS-CI nor FDS-FN), implicitly suggesting that they had been abandoned by those who allegedly attempted to attack Côte d'Ivoire from the eastern border on 27 December 2007. Therefore, the Group proceeded to verify whether the grenades could have been brought into the country in violation of the sanctions regime.

43. The requests of the Group to inspect the recovered material addressed to the Regional Administrator of Bondoukou, under whose authority the hand grenade has been placed, have not been responded to.

44. The Group did not find any specific mention of such a model of grenade in the list of equipment submitted to UNOCI by the Ivorian armed forces (FANCI and FAFN) and was not able to determine whether it was registered in the UNOCI embargo cell database, since records of technical specifications such as model and serial numbers of these types of weapons are not maintained, as is done for small arms and light weapons. Nevertheless, the Group managed to obtain a photograph taken in Bondoukou before the hand grenade was recovered by Ivorian authorities.

45. Analysing the inscriptions visible on this photograph, the Group could determine the type of the grenade (M26A), and compared it with photographs taken by the Group during the embargo inspections in which it had participated over the course of previous mandates. Since the serial number of the hand grenade is not legible in the photograph taken in Bondoukou, it is not possible to identify the specific lot number to which the grenade belongs. On the basis of the current information available, the Group reached the conclusion that it is highly probable that the grenade originally belonged to the arsenal of FANCI. This conclusion would appear to be confirmed by photographs taken by the Group during an embargo inspection at the base of the First Armoured Battalion in Akouédo (Abidjan) on 23 August 2007, which clearly show that identical hand grenades were stocked in this base. Other information gathered by the Group on this episode would tend to confirm this conclusion.

46. During the second part of its mandate, the Group hopes to obtain the permission of the Regional Administrator for a physical inspection of the hand grenade and precisely determine whether it originally belonged to the lot observed at the Akouédo camp.

C. Law enforcement equipment and procurements by the Ivorian National Police

47. During the first part of its mandate, the Group was not, despite repeated requests, granted an opportunity to meet with representatives of the Ivorian National Police. The Group also focused its attention on private security companies, these being authorized, according to Ivorian legislation, to import military equipment prohibited by Security Council resolution 1572 (2004). The Group addressed a written request to the Ministry of Internal Security requesting details of the import authorizations granted by the Ivorian authorities to private security companies. To date, the Group has received no response to its request.

1. Follow-up of the Tusk Trading case

48. The Experts contacted Michel Vandenbosch of Tusk Trading Pty Ltd in January 2008 (see S/2006/964, paras. 6-11; S/2007/349, paras. 52-55; and S/2007/611, paras. 17-18). According to him, there was no progress in the negotiations between his company and the National Police of Côte d'Ivoire since July 2007. Mr. Vandenbosch also suggested to the Ivorian police authorities that their order be changed to request a supply of non-lethal goods. This did not evoke any positive response, possibly owing to the fact that another supplier had been sourced. Mr. Vandenbosch further confirmed his intention not to reimburse the funds received from the State of Côte d'Ivoire since he considered that that amount covered the expenditures Tusk Trading had to undertake as an investment during the negotiations that led to the signature of the contract in 2006.

2. Follow-up of the Imperial Armour case

49. The Group intends to pay a visit to the Republic of South Africa during the second half of its mandate in order to meet the relevant authorities and obtain additional information on the type of items delivered by the company Imperial Armour in 2006 (see S/2007/349, paras. 56-62, and S/2007/611, paras. 11-16). In particular, the Group intends to exchange information with the South African customs and police authorities, to whom they submitted a request for verification regarding these deliveries. The replies obtained from the South African Revenue Service do not correspond with the information in the Group's possession.

3. Inspections of the goods shipped by Yssouf Diabaté

50. An inspection of ammunition shipped by Mr. Diabaté was the subject matter of detailed discussions in the report of the Group dated 12 December 2006 (see S/2006/964, paras. 12-17). That report recommended that the goods lying in the custody of the Gendarmerie of Côte d'Ivoire be subjected to inspections by UNOCI at two-month intervals. The recommendation was not implemented, and it was only when the Group reminded the embargo cell that an inspection took place on 5 June 2007 (see S/2007/349, paras. 46-51). The UNOCI embargo inspection report recorded that 55 rounds of 9-mm ammunition were missing and that the rest of the rounds of other calibres were not available for inspection. The Group does not consider that that inspection was comprehensive.

51. The Group, having returned to Côte d'Ivoire in January 2008, realized that the bi-monthly inspections had not been carried out. An inspection took place on 18 March 2008 in the presence of one of the members of the Group. The inspection revealed that the Gendarmerie does not have custody of the total quantity of seized ammunition. According to its records, the Gendarmerie only received 280 rounds of 9-mm calibre ammunition and 380 rounds of ".38 special" calibre ammunition, which corresponds coincidentally to the type of ammunition it uses. Physical inspection has confirmed that there is no discrepancy between the ammunition the Gendarmerie received and the quantity in its custody. The remaining quantity of ammunition, 1,650 rounds of four different calibres, is apparently in the custody of judicial authorities (*Parquet d'Abidjan*). The Group, however, has not been able to reconcile these figures with the original documents available with Ivorian Customs, owing to the fact that these goods are at another location and that special

arrangements would need to be made. These arrangements should have been the basis of any inspection previously conducted by UNOCI.

52. In view of the discrepancies highlighted above, the Group can only emphasize the necessity of accurate, timely inspections and follow-up.

VIII. Defence-related expenditures and natural resources

A. Military expenditures

53. The Group had occasion to study details relating to military expenditure by the Government during the years 2007 and 2008. In December 2007, Côte d'Ivoire announced its budget for 2008. The budget totals 2,129.1 billion CFA Francs (FCFA) (approximately €3.2 billion).

54. The Ivorian military budget continues to constitute one of the major areas of government expenditure, after the Ministry of Finance and the Ministry of National Education. A comparison of the funds allocated for military expenditure in 2007 and 2008 reflects an increase of approximately 11 per cent, as illustrated in the table below.

Table
Funds allocated for defence expenditures

Year	*Defence expenditures (FCFA)*	*Breakdown (FCFA)*
2007	138 billion	131 billion for ordinary expenses
		7 billion for infrastructure expenses
2008	154 billion	147 billion for ordinary expenses
		7 billion for infrastructure expenses

Source: Côte d'Ivoire State budget.

55. A scheme for payment of incentives to the Ivorian armed forces, commonly referred to as *primes de front*, is currently in effect and has been the subject of discussions in various forums, both national and international. Expenses on this account are shown in the budget outlay for expenses linked to the crisis recovery programme, and not in the budget for the Ministry of Defence. The Group has observed that this scheme involves a substantial outlay of funds. In 2006, out of the total amount of 68.1 billion FCFA budgeted for the crisis recovery programme, a total of 42.9 billion FCFA was dedicated for payment of these incentives (62 per cent). In 2007, out of the total amount of 78 billion FCFA budgeted for the crisis recovery programme, a sum of 40 billion was projected as estimated expenditure for payment of these incentives (52 per cent). The 2008 budget provides for 30 billion FCFA, out of the total amount of 75 billion FCFA proposed for the expenses linked to the crisis recovery programme (40 per cent).

56. There has been no progress in establishing a single exchequer for the whole country, despite the advice of the international financial institutions. On 27 December 2007, the Government set up a technical committee for the re-establishment of a single government exchequer in the central, western and

northern zones. It is understood that this committee has submitted its conclusions to the Prime Minister, details of which are not yet available to the Group.

57. Meanwhile, the financial administration of the collection and accounting of revenues by Forces nouvelles continues. Forces nouvelles still maintains its own system of taxation, with specific rates for products, and has a system of charging for permits (laissez-passer) for all vehicles, whether passenger or cargo, which enter and pass through its zone or cross the border points under its control. A copy of a tax receipt shown to the Group at the checkpoint at Tienfinzo (border with Mali) is shown in the photograph below. An official appointed by the Zone Commander of Forces nouvelles is designated as the *Responsable des Affaires Financières* and is posted at the border to collect taxes. The Group was informed that taxes collected were deposited weekly at the regional office of "*La Centrale*" (see S/2007/349, para. 89) and subsequently sent to the FN headquarters in Bouaké. In the absence of the redeployment of the Government Customs staff to the zone under control of Forces nouvelles, border crossings are being manned by FN personnel. The Group has written to the National Secretary in charge of Economy and Finance of Forces nouvelles, requesting detailed information on its revenue and expenditure from 2004 onwards, and has also requested a meeting, which is expected to be held shortly.

Photo 3
Forces nouvelles' tax receipt

Source: Group of Experts, 5 February 2008.

B. Natural resources

58. During its previous mandate, the Group had met three out of the four quasi-fiscal institutions that are responsible for the collection of levies on coffee and cocoa. Not much information, however, could be gleaned from them, as all uniformly replied that balance sheets and relevant financial data could be provided only by the Ministry of Economy and Finance. A communication was accordingly addressed to the Ministry, but a response is still pending. The Minister of Economy and Finance, during a meeting with the Group during the present mandate, provided assurances that a response would be forthcoming. The Group will follow up with the designated focal point, to whom copies of earlier letters were handed over.

59. In its previous report, the Group had reported on its investigations into certain bank accounts held by some of the quasi-fiscal institutions of the coffee/cocoa sectors in order to ascertain whether utilization of their funds could be linked to the purchase of arms. Information on the accounts held by the Banque Centrale des Etats d'Afrique de l'Ouest was also sought from the National Director of the Bank during a meeting with the Group. The National Director asked the Group to submit written requests. To date, no reply to the Group's request has been received. The Group intends to follow up this issue, as it has been ascertained that some of the important accounts, such as the *Réserve de Prudence* and the *Sacherie Brousse*, are held in this bank. The Group takes this opportunity to reiterate the need for greater cooperation from all banking institutions.

60. Similarly, with respect to the petroleum sector, the Group is waiting for a response from the Ministry of Economy and Finance on the specific questions addressed to it, after the Petroleum Committee advised that all the pertinent information is available with that Ministry.

IX. Diamond embargo

61. By paragraph 1 of resolution 1782 (2007), the Security Council renewed until 31 October 2008 the provisions of paragraph 6 of resolution 1643 (2005), by which it decided that all States shall take the necessary measures to prevent the import of all rough diamonds from Côte d'Ivoire to their territory. As highlighted in its previous reports, the diamond embargo was and still is a key priority of the Group. The Group has therefore endeavoured to identify as many case studies as possible in diamond-producing countries and in the trading centres because Ivorian diamonds continue to be exported through the neighbouring countries and surface in the major trading centres.

A. Producing countries: Ghana, Mali and Liberia

62. Subsequent to earlier findings of the Group, as reflected in its reports dated 5 October 2006 (S/2006/735) and 14 June 2007 (S/2007/349), and the Kimberly Process review mission to Ghana in March 2007, the Group sought to ascertain the status of internal controls applied by Ghana, with particular reference to the registration of the galamsey (illegal miners). Discussions with the officials of the Precious Minerals Marketing Company Limited and the Minerals Commission reveal that still no progress on the identification and registration of the illegal galamsey has been made.

63. Until the galamsey are fully registered there can be no assurances that illegally mined foreign diamonds are not entering the system of Ghana and subsequently sent to the international trading centres. Another consequence is that Ghana will not be able in the future to produce reliable production statistics gathered at the source of mining. The Group can only conclude that to date, Ghana has not made significant progress on these important issues.

64. The vulnerability and weakness of Ghana's rough diamonds supply chain is further reinforced in the judicial investigation by the Belgian Federal Police in Antwerp on the company Peri Diamonds. This company was recently indicted by a

Belgian prosecutor and the evidence demonstrates how Ivorian rough diamonds were imported into the Antwerp market through Ghana, in violation of the diamond embargo. The investigation also proves how it was possible to finance and purchase illicit Ivorian diamonds worth millions of United States dollars outside the control mechanisms put in place through the centralized financial bank system of Ghana.

65. The Group takes note of the initiative of the European Commission to support Ghana and to assist the Ghanaian authorities in identifying and registering the different stakeholders in the diamond trade.

66. Mali was highlighted in previous reports of the Group of Experts on Côte d'Ivoire as one of the probable major exit points for Ivorian diamonds in violation of the sanctions regime. The country itself has very little production of rough diamonds, although the Malian authorities could neither provide the Group with any production data nor detail any measures to monitor their production. The Government of Mali has not taken any specific measures to prevent diamonds of foreign origin from entering the country, in spite of the specific United Nations sanctions and the requirements of compliance by Member States, as specified in Security Council resolution 1643 (2005), and reiterated in subsequent resolutions.

67. The Customs authorities in Mali, however, informed the Group that an individual applied, in December 2007, to export 31 rough diamonds, purported to be of Malian origin, through Bamako airport. The export of rough diamonds from Mali is illegal as the country is not a member of the Kimberley Process; Malian Customs therefore seized the consignment. Since the possibility of these diamonds being of Ivorian origin cannot be ruled out in view of certain distinguishing physical characteristics, the Group recommends that the Kimberley Process should send its technical working group to Bamako to examine the diamonds and convey its opinion. This would enable the Group to proceed further with its investigation.

Photo 4
Diamond parcel seized by the Malian Customs authorities at the Bamako international airport

Source: Group of Experts, 20 February 2008.

68. The Group obtained information about an export of 5,231.38 carats of rough diamonds from the company Balaji Gems Export-Import Inc., based in Liberia, to its

sister concern in the United Arab Emirates. This shipment was first presented to the Liberian authorities in September 2007, at which time a doubt was expressed by the Working Group of Diamond Experts about the origin of the diamonds, which was reiterated on interpretation of fluorescence data. This consignment was finally exported to the United Arab Emirates in October 2007 without any further investigations on these discrepancies.

69. The Group discussed this issue with the Liberian authorities and was given to understand that the consignment was one of the stockpile consignments for which the Kimberley Process had agreed to a separate clearance procedure. The Group has requested for details of the correspondence between the Ministry of Mines and Energy and the Kimberley Process.

70. This example is highlighted because it is the third case involving the same Balaji Group, headed by V. N. Akoliya. The two other cases involved shipments from Balaji Gemlust in Ghana to BGC International in the United Arab Emirates in 2006 (see S/2006/964, para. 41, and S/2007/349, paras. 121-122). V. N. Akoliya is the principal stakeholder in all three highlighted companies in Ghana, Liberia and Dubai. In spite of repeated concerns being expressed with regard to the origin of the diamonds, the shipments were released before any proper investigation was initiated.

B. International trading centres: Belgium and the United Arab Emirates

71. The Group collected information that led it to identify certain individuals linked to illicit trade in rough diamonds and observed their activities in the major diamond-trading centre of Antwerp in order to establish the nexus between these individuals and certain dealers. During these investigations, the Group uncovered an intent to violate Security Council sanctions on Ivorian diamonds. Diamonds, allegedly of Ivorian origin, were offered for sale to a certain dealer in Antwerp. Correspondence was exchanged but the diamonds were not physically brought to Antwerp, and ultimately the deal fell through. The Group is still investigating the case to determine whether the diamonds left Ivorian soil. This case is mentioned to illustrate the availability of Ivorian diamonds and the willingness of individuals to sell them, despite the sanctions. The visits to Belgium were arranged on short notice, but nevertheless, the Group received full cooperation from the Belgian Government and the official bodies of the diamond industry.

72. Regrettably, the Group was unable to undertake a similar exercise in the United Arab Emirates, which has the second largest market in rough diamonds after Belgium (Antwerp). The Group, being in possession of credible information that conflict diamonds from Côte d'Ivoire are transiting through Dubai, sent an official request on 4 February 2008, through the appropriate authorities, requesting a visit to the United Arab Emirates from 10 to 13 March 2008. In this communication, the reasons for the visit were detailed and specific information on certain companies was requested. This visit could not materialize as a response was received on 6 March 2008, after repeated contact, suggesting a deferment until such time as the report of the Kimberley Process review mission of January 2008 to the United Arab Emirates was received by the United Arab Emirates Ministry of Economy.

73. The Group of Experts and the Kimberley Process certainly have ongoing dialogue and cooperation between each other, but there is a distinct difference in their respective mandates. The Group is focused on specific issues and the progress of its work should not be contingent upon, or deferred, due to non-receipt of a report from the Kimberley Process. The Group requests that this distinction in mandates be considered and that the Government of the United Arab Emirates facilitate these meetings in a timely manner. The United Arab Emirates has undoubtedly an important role and responsibility in combating the spread of conflict diamonds. As such, the collaboration of the relevant authorities in the United Arab Emirates is crucial in the fulfilment of the mandate of the Group.

C. Joint field mission of the Group of Experts and the Kimberley Process to Côte d'Ivoire

74. The reported incidents demonstrate that there are continued attempts to export Ivorian rough diamonds despite the Security Council embargo. The Group case studies demonstrate that the entire region is still very vulnerable to the illicit trafficking of diamonds from Côte d'Ivoire. These concerns were repeatedly expressed during the Kimberley Process plenary meetings in Moscow (2005) and Gaborone (2006) and strengthened in November 2007 in Brussels the announcement of the Brussels initiative, which emphasizes a stronger and continued collaboration between the Kimberley Process, the United Nations and the countries neighbouring Côte d'Ivoire.[1]

75. In accordance with Security Council resolution 1782 (2007), the Group of Experts took the initiative to ask for a joint field mission with a delegation of the Kimberley Process to assess and update the current production and illicit export volumes from Côte d'Ivoire. This mission is planned during the second half of April 2008, and the results will be presented in the final report of the Group.

X. Individual sanctions

76. The Group continues its investigations into the assets, both direct and indirect, that could belong to the three individuals on the list of the sanctions Committee,[2] namely Charles Goudé Blé, Eugène Ngoran Djué Kouadio and Martin Kouakou Fofié. Information on the account held by Martin Kouakou Fofié in the Société Générale de Banques au Burkina, in Ouagadougou, is still outstanding, as the Bank has not responded to the Group's initial request and subsequent reminder. On the issue of royalties due to Mr. Blé for his book *Ma Part de Verite*, the Group has addressed a communication to the publishing house, Société nouvelle de presse et d'edition de Côte d'Ivoire, asking to know the outstanding payments due to him for 2007 and an indication of what measures have been taken to comply with paragraph 3 of Security Council resolution 1782 (2007). At the time of writing this report, no reply had been received.

77. It is pertinent to mention here that during previous mandates, the Group had conducted investigations into the financial assets directly held by the three

[1] http://www.kimberleyprocess.com/documents/plenary_intersessional_meeting_en.html.

[2] http://www.un.org/sc/committees/1572/listtable.html.

sanctioned individuals and had consequently discovered some bank accounts. Although these accounts did not contain substantial funds, and although their assets have yet to be frozen pursuant to relevant Security Council resolutions, there is little or no impact on the individuals concerned. Further, pursuant to paragraph 12 of resolution 1572 (2004), States are required to determine funds, other financial assets and economic resources that are necessary for basic expenses as elaborated in subparagraph (a) after notifying the Committee of the intention to authorize access to such funds. It would appear that the Government of Côte d'Ivoire has not initiated the action for application of this exemption clause, which leads the Group to believe that there is no control of the financial means at the disposal of the three individuals.

78. The issue of individual sanctions was discussed during the visits of the Group to the neighbouring countries, namely Burkina Faso, Ghana, Guinea, Liberia and Mali. It emerged from those discussions that there was a lack of awareness at various levels of government, there was little publicity regarding the sanctions regime and there was also inadequate sensitization of the personnel manning border entry points. In fact, during discussions with various customs and police authorities at some airports in the region, a desire was expressed to have details of the three listed individuals, particularly photographs. The Group would be remiss if it did not also mention the fact that during one of its meetings, it became evident that the United Nations police in Liberia was not aware of the names of the individuals under sanctions in Côte d'Ivoire. The Group took the initiative to supply these details wherever possible. This point is highlighted principally to emphasize one of the recommendations made by the Group in its report dated 18 October 2007 (S/2007/611), regarding the need to have a better mechanism for disseminating information about the individuals on the Committee sanctions list.

XI. Recommendations

79. In addition to the recommendations set out below, the Group believes that those contained in its previous report (S/2007/611) remain valid.

80. The Group calls upon those Member States, public and private institutions that have not responded to its requests for information to assist the Group in fulfilling its mandate by transmitting their replies as timely as possible.

A. Customs

81. The Group recommends specific sensitization or dissemination of information specific to embargoed goods to Ivorian Customs inspection staff on the part of UNOCI and the Ivorian Customs management.

82. The Group recommends, in connection with information provided in paragraph 36 of its report dated 18 October 2007 (S/2007/611), that UNOCI pursue the offer of the Director-General of the Ivorian Customs to establish a "specific monitoring unit".

83. In the absence of Government Customs personnel in the territory administrated by Forces nouvelles, the Group recommends that both the Ivorian Government and

UNOCI dedicate special monitoring procedures specific to transit cargo maximizing the utilization of the X-ray container scanner at the port of Abidjan.

B. Arms and military assistance

84. The Group reiterates the importance of States taking appropriate measures to sensitize their relevant Government institutions to prevent the direct or indirect supply, sale or transfer of arms or any related materiel to Côte d'Ivoire, in pursuance of paragraph 7 of resolution 1572 (2004).

85. The Group requests the Committee to reiterate to Member States the standing prohibition on the provision of any assistance, advice or training related to military activities, pursuant to paragraph 7 of resolution 1572 (2004).

86. The Group recommends that the UNOCI embargo cell diligently conduct inspections of the seized ammunition highlighted in paragraphs 50 to 52 above, particularly in light of the fact that in the absence of such monitoring, the seized goods risk being an unchecked source of supply of ammunition.

C. Diamonds

87. The Group recommends that both the European Commission and the Government of Ghana initiate concrete steps, in a timely manner, to move forward on the identification and registration of the galamsey and set up an efficient internal control system. This should be encouraged by the Kimberley Process.

88. The Group reminds all States to take the necessary measures in order to prevent the import of all rough diamonds from Côte d'Ivoire to their territory, in pursuance of paragraph 6 of resolution 1643 (2005).

89. The Group recommends that the Kimberley Process send its Technical Group to Bamako, to examine the seized shipment of diamonds and provide its technical opinion with respect to the origin of the diamonds. Since this is a crucial input for the Group's further investigations, which are time-bound, it is requested that this exercise be carried out at the earliest possible opportunity.

Annex

Meetings and consultations

Belgium

Government

Ministry of Foreign Affairs and Federal Police

Multilateral organizations

Kimberley Process secretariat for the European Union; Antwerp World Diamond Centre

Civil society

International Peace Information Service (NGO)

Burkina Faso

Government

Ministry of Foreign Affairs; Ministry of Internal Security; National Agency for Civil Aviation; Burkinabe Customs Authority; Directorate for Monetary and Financial Affairs

Multilateral organizations

Central Bank of the Western African States; United Nations Development Programme

Côte d'Ivoire

Government

Ministry of Economy and Finance; Ministry of Defence; Permanent Representative of Côte d'Ivoire to the United Nations; Direction of Mines; Ivorian Customs Authority; Air Force of Côte d'Ivoire; Société d'exploitation et de développement aéroportuaire, aéronautique et météorologique (SODEXAM); National Commission of the Press; Ivorian Press Agency

Multilateral entities

Central Bank of the Western African States; Agence pour la securité de la navigation aérienne en Afrique et à Madagascar (ASECNA); World Bank; International Criminal Police Organization (Interpol) subregional bureau for Central and Western Africa; United Nations Operation in Côte d'Ivoire (UNOCI); Licorne forces

Diplomatic missions

Embassy of the United States of America; Embassy of France; Embassy of Ghana; Embassy of Liberia; Embassy of Burkina Faso; Permanent Representative of the

Facilitator for the Ouagadougou Political Agreement; Permanent delegation of the European Union

Private sector

Total-CI, ICM Transit, Schlumberger OEL and Group 4 Securicor

France

Government

Ministry of Foreign Affairs

Ghana

Government

Ministry of Foreign Affairs; Mineral Commission; Precious Minerals Marketing Company Limited; Ghanaian Custom Authorities

Multilateral and bilateral entities

Permanent delegation of the European Union

Private sector

Balaji Gemlust Company

Guinea

Government

Ministry of Foreign Affairs; Ministry of Mines; National Police; National Gendarmerie; National Commission to Combat the Proliferation of Small Arms and Light Weapons; National Diamond and Precious Stones Valuation Office; National Custom Authorities; National Agency for Civil Aviation

Liberia

Government

Ministry of Foreign Affairs; Ministry of Justice; Ministry of Landmines and Energy; Liberian National Police; Liberia Reconstruction and Development Committee

Multilateral and bilateral entities

United Nations Mission in Liberia (UNMIL); United Nations Panel of Experts on Liberia

Private sector

Balaji Gem Export and Import Company

Mali

Government

Ministry of Foreign Affairs; National Directorate on Mines and Geology; National Commission to Combat the Proliferation of Small Arms and Light Weapons; National Custom Authorities; Centre for strategic studies of the Ministry of Foreign Affairs; National Agency for Civil Aviation

Multilateral and bilateral entities

United Nations Development Programme (UNDP — Mali); World Bank